



Press Information

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Rises Resumed Last Year ...

NEW CAR OWNERSHIP & OPERATING COSTS
CLIMB 2.4¢ TO 45.67¢ A MILE IN 1984

After a one-year drop in 1983, average costs for individual motorists to own and run typical new compact-sized U.S. cars renewed their climb in 1984 to a record 45.67¢ per mile, 5.5% or 2.39¢ a mile over 1983's 43.28¢ and 1¢ above 1982's prior high of 44.67¢, according to the Hertz Corp. annual auto expense estimates issued today.

All items of auto ownership and operation rose except fuel, the lease-rental company study shows, but the greatest increases stem from bigger sticker prices and steeper interest rates.

"American motorists who bought new cars last year paid higher prices and financed their purchases with more expensive loans," according to the Hertz report. "These two factors along with increases on insurance, licenses, taxes and maintenance, more than offset the continuing drop in gasoline prices and the better fuel efficiency of newer vehicles."

The yearly studies by Hertz, an RCA unit, cover all auto expenses except parking and tolls. Included are depreciation — the difference between purchase price and resale value — insurance, licenses, registration, inspection, and other fees, plus interest, maintenance, accessories and repairs, along with gasoline and other service station charges.

(more)

Loan Interest, Sticker Prices Lead New Surge

Purchase prices shot up 9% to \$9,113 for a typically-equipped 1984 compact (from \$8,356 in 1983, according to the Hertz report. This rise boosted depreciation — the costliest auto expense element — by 9/10ths of a cent per mile for normal driving of 10,000 miles a year over a five year period.

Higher interest rates for most of the year combined with the steeper sticker prices, hiked finance outlays by 1.5¢ a mile, the report noted.

Increases for insurance, licenses and fees added another 9/10ths of a cent, while maintenance and repair expenses contributed an additional 3/10ths of a cent a mile to the '84 rise. Gasoline and other service station charges were 1.1¢ cent lower, the new Hertz estimates show, not enough to offset the other increases.

A Dozen Years of Double-Digit Inflation

The auto ownership & operating cost decline of 1983, which the lease-rental company attributed to lower interest rates then and reduced gasoline prices, interrupted a decade of double-digit jumps that boosted operating outlays 172% between 1972 —the last full year before the first Arab oil embargo —and 1984.

Also, in 1973 the U.S. government required auto makers to install a number of safety, damage and emissions-control items on vehicles, further fueling soaring expenses. By comparison, the nation's overall cost of living climbed 148% in the dozen years between 1972 and 1984, the new report noted.

The Hertz data show that over the past 12 years motorists have been driving less, keeping cars longer and purchasing smaller vehicles with fewer options, in an attempt to keep driving outlays in line with family incomes.

From 1972 to 1983, average yearly passenger car mileage dropped 22% to 8,037 miles before turning back upward to 8,317 last year; compact cars, rather than intermediates, are now the most typical new models purchased; new cars are now kept an average of 5.2 years against 3.6; and, average age of cars in use now is 7.4 years vs. 5.7 in 1972.

Car Size, Age, Mileage Change Expenses Significantly

Automotive expenses differ significantly by vehicle size and optional equipment, annual mileage, duration of ownership and where autos are driven, the lease-rental company noted. Cars purchased new or used and kept for longer periods, cost substantially less than those traded frequently, the firm's report shows.

Here are the 1984 Hertz cost estimates for new models of different sizes driven 10,000 annual miles for five years in 1983, 1982 and 1978:

CAR SIZE	1984	1983	'83-4 % CHANGE	1982	1978	'78-84 RISE
Subcompact	36.63¢	34.63¢	5.8%	34.18¢	22.52¢	+ 62.78%
COMPACT	45.67	43.28	5.5	44.67	24.85	+ 83.8
Mid-Size	48.61	45.46	6.9	49.02	28.73	+ 69.2
Intermed.	50.19	49.56	1.3	50.09	28.91	+ 73.6
Standard	50.77	55.42	7.8	52.31	32.33	+ 84.9
5-Size AVG.	48.17¢	45.66¢	+ 5.5%	46.17¢	27.47¢	+ 75.4%

Study figures also demonstrate that keeping cars longer can save:

- NEW 1984 compacts driven 10,000 miles a year but traded annually cost 53.69¢ a mile, 8¢ more than those kept the more typical FIVE years;
- units retained TEN years averaged 38.42¢, 7.3¢ less than FIVE-year ownership, and nearly 15.3¢ under costs for annual trading.

The company's report stressed that variations in annual driving distances also have a material effect on the cents-per-mile costs because annual fixed dollar outlays are divided by more, or fewer, miles.

For the five-year driver, a new 1984 compact's costs ranged from 79.51¢ a mile at 5,000 miles a year to 29.28¢ at an annual 20,000 miles of driving -- 50.23¢ A MILE less!

However, on an ANNUAL dollar basis, 5,000 miles a year totals just \$3975 while 20,000 miles a year comes to \$5856 -- \$1881 more. The average driving distance for U.S. passenger cars in their first five years of service was 9,838 miles in 1983, latest year for which there are mileage figures.

Drivers Advised to Calculate Their Own Outlays

The lease-rental company's report is distributed to motorists free, as is a 16-page CAR COST CALCULATION GUIDE to help individual motorists figure their own expenses. Driving expenses can vary so dramatically under such a wide array of circumstances that each motorist should figure his or her own outlays, Hertz said.

For example, parking and tolls can add 10-40¢ a mile in major cities, but can vary substantially even for similar autos in the same city if driving patterns differ.

The lease-rental firm and its affiliates around the world are believed to buy more motor vehicles than any other private organization and its worldwide car and truck fleets are estimated at approximately 400,000 units.

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HEITZ ESTILATES OF 1984 NEW CAR OWNERSHIP & OPERATING COSTS

TABLE I-A
2/85

Years Use	SUB-COMPACT-> 'COMPACT'				INTER-MEDIATE		STAN-DARD
	<-At Constant Annual Mileages->						
	10000	5000	8317	10000	20000	10000	10000
1	0.4214	0.9658	0.6141	0.5369	0.3238	0.5899	0.7138
2	0.4074	0.9203	0.5915	0.5155	0.3144	0.5666	0.6819
3	0.3889	0.8630	0.5644	0.4893	0.3051	0.5377	0.6446
4	0.3760	0.8284	0.5417	0.4709	0.2985	0.5174	0.6181
5	0.3663	0.7951	0.5242	0.4567	0.2928	0.5019	0.5977
6	0.3421	0.7266	0.4815	0.4237	No Data	0.4656	0.5524
7	0.3246	0.6732	0.4520	0.3996	Over	0.4392	0.5191
8	0.3101	0.6334	0.4291	0.3798	100,000	0.4174	0.4918
9	0.2977	0.5965	0.4094	0.3626	Miles	0.3985	0.4682
10	0.2872	0.5676	0.3918	0.3842	—	0.3827	0.4483

HISTORICAL COMPARISONS OF NEW 'INTERMEDIATE' SIZE CAR COSTS

Year	Estimated Varying Mileage Averages Yearly		@Constant		3-Yr. Use @	
	3-Year	3-Year	10-Year	10-Year	10000 Miles	10000 MPY
	Average Use Cost	Average Use Cost	Average Use Cost	Average Use Cost	A Yr. Average:	CONSTANT
	Annual	Cents-	Annual	Cents-	3-Yr.	10-Yr.
	Mileage	Per-Mile	Mileage	Per-Mile	Use**	Use
1925E	5835	0.1690	Not Available		0.1150	N/A
1950	12771	0.0930	9032	0.0800	0.1090	0.0770
1960	13497	0.1220	9545	0.0980	0.1440	0.0950
1970	14267	0.1470	10090	0.1210	0.1900	0.1220
1971	14567	0.1430	10280	0.1190	0.1870	0.1210
1972	14652	0.1510	10362	0.1210	0.1970	0.1240
1973	13570	0.1620	9597	0.1340	0.2020	0.1310
1974	12300	0.2070	8732	0.1710	0.2380	0.1590
1975	12561	0.2320	8901	0.1890	0.2720	0.1770
1976	11885	0.2460	9015	0.2010	0.2810	0.1790
1977	12127	0.2620	9199	0.2080	0.3010	0.2000
1978	12082	0.2910	9165	0.2310	0.3310	0.2200
1979	11666	0.3400	8850	0.2870	0.3800	0.2640
1980	10841	0.4150	8224	0.3450	0.4400	0.3100
1981	10652	0.4860	8081	0.4080	0.5090	0.3590
1982	10594	0.5168	8037	0.4370	0.5400	0.3831
1983	10963	0.4986	8317	0.4345	0.5338	0.3810
1984	10963E	0.5008	8317E	0.4301	0.5377	0.3827

TABLE I-B

The Hertz Corp.
2/85HERTZ ESTIMATES OF 1984 MODEL NEW
PASSENGER CAR OWNERSHIP & OPERATING COSTS

<-----'COMPACT' MODEL----->					
Years Used	At CONSTANT		At DECLINING Annual		
	<- 8317 M.P.Y.->		<-Miles AVERAGING 8317-->		
	Over 10-Yr.Period				
	C.P.M.	\$ P.Y.	M.P.Y.	C.P.M.	\$ P.Y.
1	0.6141	5,107.18	12,651	0.4455	5,623.58
2	0.5915	4,919.61	11,695	0.4557	5,329.74
3	0.5644	4,694.28	10,963	0.4556	4,995.22
4	0.5417	4,505.34	10,266	0.4615	4,737.45
5	0.5242	4,359.92	9,838	0.4599	4,524.69
6	0.4815	4,004.72	9,550	0.4359	4,162.37
7	0.4520	3,758.95	9,317	0.4179	3,893.30
8	0.4291	3,568.48	9,059	0.4057	3,675.45
9	0.4094	3,404.75	8,749	0.3949	3,454.82
10	0.3918	3,258.60	8,317	0.3918	3,258.60

NOTE: Above Costs Are AVERAGES For Varying Use/Mileage Periods;
those below are for each INDIVIDUAL year.

CURRENT 1984 DATA 'COMPACT' CAR EXPENSES					
YEARLY Costs & Mileages for Various					
Ownership Periods (Not AVERAGES for					
ALL Years As Listed Above.)					
Year of Use	At CONSTANT		At Listed DECLINING		
	8317 YEARLY		YEARLY Mileages		
	Mileages		AVERAGING 8317 M.P.Y.		
	C.P.M.	\$ P.Y.	M.P.Y.	C.P.M.	\$ P.Y.
1	0.6141	5,107.18	12,651	0.4445	5,623.58
2	0.5690	4,732.37	10,739	0.4689	5,035.52
3	0.5102	4,243.33	9,499	0.4554	4,325.84
4	0.4736	3,938.93	8,175	0.4849	3,964.06
5	0.4543	3,778.41	8,126	0.4521	3,673.76
6	0.2680	2,228.96	8,110	0.2899	2,351.09
7	0.2747	2,284.68	7,919	0.2878	2,279.09
8	0.2687	2,234.78	7,253	0.2695	1,954.68
9	0.2515	2,092.06	6,269	0.3005	1,884.02
10	0.2339	1,945.35	4,429	0.3374	1,494.34
Total	0.3918	3,258.60	8,317	0.3918	3,258.60

Slight variations owing to rounding.

BREAKOUT OF NET CAR OWNERSHIP & OPERATING COSTS OVER THE YEARS TABLE II

Model Year:	1984			Hertz Corp. 2/85		
Purchase Price	\$ 9,113			\$ 10,103		
Car Size	Compact			Intermediate		
Years Kept	3-Yrs.	5-Yrs.	10-Yrs.	3-Yrs.	5-Yrs.	10-Yrs.
Depreciation	0.1814	0.1458	0.0893	0.2122	0.1617	0.0990
Ins., Lics., Fees	0.1084	0.1084	0.0932	0.1156	0.1156	0.0995
Interest (P&L)	0.0838	0.0917	0.0459	0.0929	0.1017	0.0508
FIXED SB.-TOTL.	0.3835	0.3459	0.2284	0.4206	0.3789	0.2494
Maint. & Repair	0.0339	0.0387	0.0472	0.0395	0.0451	0.0550
Gas & Oth. Svc.	0.0719	0.0721	0.0726	0.0776	0.0778	0.0784
Stn. Expenses						
VARIABLE S/T	0.1058	0.1109	0.1198	0.1171	0.1229	0.1334
F & V TOTALS	0.4893	0.4567	0.3482	0.5377	0.5019	0.3827
Model Year:	1983			1982		
Purchase Price	\$8358			\$9770		
Car Size	Compact			Intermediate		
Years Kept	3-Yrs.	5-Yrs.	10-Yrs.	3-Yrs.	5-Yrs.	10-Yrs.
Depreciation	0.1811	0.1371	0.0819	0.2117	0.1602	0.0957
Ins., Lics., Fees	0.0998	0.0998	0.0859	0.1062	0.1062	0.0915
Interest (P&L)	0.0704	0.0766	0.0383	0.0823	0.0895	0.0448
FIXED SB.-TOTL.	0.3512	0.3134	0.2061	0.4002	0.3560	0.2320
Maint. & Repair	0.0311	0.0355	0.0422	0.0395	0.0451	0.0536
Gas & Oth. Svc.	0.0835	0.0828	0.0846	0.0941	0.0945	0.0954
Stn. Expenses						
VARIABLE S/T	0.1146	0.1193	0.1268	0.1336	0.1396	0.1490
F & V TOTALS	0.4658	0.4328	0.3329	0.5338	0.4956	0.3810
Model Year:	1981			1980		
Purchase Price	7621			7129		
Car Size	Compact			Intermediate		
Years Kept	5	3	5	3	5	3
Depreciation	0.1311	0.1943	0.1123	0.1711	0.0884	0.1561
Ins., Lics., Fees	0.0907	0.0941	0.0813	0.0848	0.0643	0.0790
Interest (P&L)	0.0969	0.0885	0.0647	0.0643	0.0418	0.0460
FIXED SB.-TOTL.	0.3187	0.3769	0.2583	0.3202	0.1945	0.2810
Maint. & Repair	0.0276	0.0300	0.0252	0.0268	0.0229	0.0248
Gas & Oth. Svc.	0.0879	0.1020	0.0807	0.0929	0.0681	0.0740
Stn. Expenses						
VARIABLE S/T	0.1155	0.1320	0.1059	0.1197	0.0910	0.0988
F & V TOTALS	0.4342	0.5089	0.3642	0.4399	0.2855	0.3798
Model Year:	1978			1977		
Purchase Price	5578.00			3493.00		
Car Size	Interm.			Intermediate		
Years Kept	3			3		
Depreciation	0.1422	0.1262	0.1062	0.0943	0.0924	0.0326
Ins., Lics., Fees	0.0698	0.0388	0.0370	0.0350	0.0342	0.0245
Interest (P&L)	0.0413	0.0331	0.0246	0.0203	0.0198	0.0110
FIXED SB.-TOTL.	0.2533	0.1981	0.1678	0.1496	0.1464	0.0681
Maint. & Repair	0.0231	0.0191	0.0182	0.0177	0.0173	0.0234
Gas, Oth. Svc. Stn.	0.0548	0.0546	0.0520	0.0344	0.0337	0.0330
VARIABLE S/T	0.0779	0.0737	0.0702	0.0521	0.0510	0.0564
F & V TOTALS	0.3312	0.2718	0.2380	0.2017	0.1974	0.1244

TABLE III

Hertz Corp. 2/85

YEARLY & "LIFETIME" COSTS OF INTERMEDIATE-SIZE CAR BOUGHT NEW IN 1975, DRIVEN 10,000 MPY & SCRAPPED IN 1984
(Data from Hertz Car Ownership & Operating Costs Studies Over Past Decade, in Cents-per-Mile)

Car Purchase Price: \$ 4676.0000	1	2	3	4	5	6	7	8	9	10	10-Year Average
Car Age In Year (Use Period)	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
Calendar Year	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
Depreciation	0.1403	0.1122	0.0842	0.0561	0.0187	0.0140	0.0112	0.0047	0.0023	0.0012	0.0445
Insur., Licns., Fees	0.0388	0.0491	0.0608	0.0698	0.0790	0.0521	0.0569	0.0616	0.0640	0.0664	0.0598
Interest Paid & Lost	0.0331	0.0331	0.0331	0.0331	0	0	0	0	0	0	0.0132
Sub-Total 'Fixed' or Standing Expenses	0.2122	0.1944	0.1781	0.1590	0.0977	0.0662	0.0681	0.0663	0.0663	0.0675	0.1176
Maintenance, Repairs Gasoline & Other Ser- vice Station Charges	0.0191	0.0192	0.0212	0.0281	0.0319	0.0371	0.0412	0.0497	0.0538	0.0591	0.0360
	0.0544	0.0551	0.0559	0.0564	0.0752	0.0935	0.1176	0.1196	0.1185	0.1182	0.0864
Sub-total Variable or Running Charges	0.0735	0.0743	0.0771	0.0845	0.1071	0.1306	0.1588	0.1697	0.1723	0.1773	0.1225
Total Fixed & Variable Expenses PER YEAR	0.2857	0.2687	0.2552	0.2435	0.2048	0.1968	0.2269	0.2356	0.2386	0.2448	0.2401
AVERAGE Annual Costs For Years Held	0.2587	0.2772	0.2699	0.2633	0.2516	0.2424	0.2402	0.2396	0.2395	0.2401	
AVERAGE Costs in '75	0.2587	0.2461	0.2248	0.2038	0.1751	0.1551	0.1399	0.1262	0.1223	0.1168	0.1769
ANNUAL Costs '75 \$s	0.2587	0.2386	0.2126	0.1886	0.1426	0.1259	0.1321	0.1241	0.1218	0.1191	0.1664
YR.1 New Car Costs In Each Year**	0.2918	0.3024	0.3243	0.3494	0.4014	0.4659	0.5457	0.5801	0.5783	0.5899	
Cents Per Mile DIFFERENCE Keeping Old Car Vs. Trading For New One	—	0.0337	0.0691	0.1059	0.1966	0.2691	0.3188	0.3445	0.3397	0.3451	

NOTE: Figures in this and other Hertz car ownership

** studies reflect estimates for typical cars, typically-equipped and driven typical mileages by typical new-car-buying families.

TABLE IV

10-YEAR+ SUMMARY OF DOMESTIC AUTOMOBILE SIZE CHANGES

HERTZ CORP.

2/85

CAR SIZE	'Sub-compact'	'Compact'	'Mid-Size'	'Intermediate'	'Standard' Crown
Example Model:	Escort	Tempo GL4	Mustang L4	LTD-4	Victoria
'84 LIST Price \$	6,822	9,064	9,496	9,898	12,379
Wheelbase(")	94	100	101	106	114
Overall Length(")	164	176	179	197	211
Weight(lbs.)	2146	2443	2664	3001	3730
Change Vs.1983					
Weight Lbs.	130	-381	-36	20	-18
Pctg.	0.0645	-0.1349	-0.0133	0.0067	-0.0048
Price \$	492.00	560.00	775.00	165.65	907.08
Pctg.	0.0777	0.0659	0.0889	0.0170	0.0791
Change Vs.1973					
Weight Lbs.	-70	-314	-565	-777	-562
Pctg.	-0.0316	-0.1139	-0.1750	-0.2057	-0.1309
Price \$	3880	5979	5794	5991	8132
Pctg.	1.3188	1.9381	1.5651	1.5334	1.9148
'83 LIST Price \$	6,330	8,504	8,721	9,732	11,472
Wheelbase(")	94	106	101	106	114
Overall Length(")	164	196	179	197	211
Weight(lbs.)	2016	2824	2700	2981	3748
'82 LIST Price	5,822	8,180	9,098	9,683	9,857
Wheelbase	94	106	106	108	114
Length	164	196	197	200	209
Weight	2011	2778	2941	3169	3602
'81 LIST Price	5417	7714	8195	8802	9023
Length	164	196	197	200	209
Weight	1987	2724	2948	3167	3602
'80 LIST Price	6042	6464	7106	7708	8781
Length	171	196	200	200	209
Weight	2488	2688	3250	3262	3584
'79 LIST Price	5004	5370	6265	6738	7793
Length	169	194	198	216	209
Weight	2449	2682	3249	3910	3611
'78 LIST Price	4647	5061	5759	6031	6379
Length	169	194	194	216	224
Weight	2425	2748	3349	4056	4266
'75 LIST Price	3622	4230	4979	5089	5515
Length	166	187	194	218	224
Weight	2581	2891	3243	4258	4502
'74 LIST Price	3304	3518	3857	4257	4870
Length	166	187	194	215	222
Weight	2443	2852	2964	4038	4302
'73 LIST Price	2942	3065	3702	3907	4247
Wheelbase	94	103	109	118	121
Length	165	183	194	212	220
Weight	2216	2757	3229	3778	4292

NOTE: Size classifications are arbitrary.

Car names have changed.

DETAILS OF 1984 HERTZ COST ESTIMATE CALCULATIONS

1. Models Used: Sub-compact, Escort; Compact, Tempo; Mid-size, Mustang; Intermediate, LTI-4; Standard, Crown Victoria. Discounts assumed: Sub-compact, 8%; Compact, 5%; Mid-size, 4%; Intermediate, 3.5%; Standard, 4%. Sales Tax assumed: 5.825%. Purchase Prices resulting: Sub-compact, \$6642; Compact, \$9113; Mid-size, \$9648; Intermediate, \$10,103; Standard, \$12,839.

2. Depreciation rates are estimated averages. Rates may vary widely from year to year or model to model, depending on a variety of factors including inflation, optional equipment and public perception of retained value, but over the years have been relatively consistent. Aggregate rates used are—1 year, 28%; 2 years, 49%; 3, 63%; 4, 73%; 5, 80%; 6, 86%; 7, 91%; 8, 95%; 9, 97%; 10 years, 98%. Abnormally high or low mileage per year also will produce depreciation-rate variations of 1-3 cents per mile.

NOTE: No future inflation assumption is included; so-called "constant dollar figures are used. Therefore, inflation may alter longer-term ownership and operation expenses; however, inflation would also contribute to higher future new car purchase prices, so true depreciation is simply "postponed". Special Table shows 1975-model 10-year expenses reflecting automotive inflation for a decade. Depreciation usually is lower with high inflation, higher with low; other charges are normally higher than Hertz estimates.

3. Insurance based on \$250,000/\$500,000/\$50,000 liability, \$500 comprehensive and collision deductible. (Deductible has been increased over the years to reflect Hertz' attempt to estimate typical expenses for typical new-car-buying families with one or two youthful drivers, so comparisons from year to year are not precisely the same. Estimates assume full insurance is retained for duration of car loan; then, if car is kept longer, comprehensive-collision is dropped, only liability is retained.

4. Interest. For Ownership Periods up to five years, car loans are assumed to be for periods equal to ownership term — e.g., 3-year loan for 3-year ownership, 5-year loan for 5-year ownership. For longer use, 5-year loan is maximum. (Before 1980 when 5-year loans became readily available, 4-years was maximum.) Loans are assumed to be 2/3rds of purchase price; cash down payment 1/3rd. Interest-LOST on down payment assumed only for loan duration. Interest assumes MONTHLY loan REPAYMENTS, QUARTERLY COMPOUNDING on interest lost as follows: Year 1, 14.83 paid, 9.8% lost; Year 2, 14.88%, 9.84%; Year 3, 14.94, 9.89; Year 4, 15.09, 10.01; Year 5, 15.15%, 9.92%.

5. Fuel-Efficiency & Maintenance cost estimates are based on Hertz experience, NOT on government, manufacturer or industry data. Estimates do not EQUAL Hertz costs, since study is intended to reflect expenses incurred by INDIVIDUAL drivers to help calculate outlays for personal autos. Hertz estimates also assume full, complete, proper, professional maintenance, which some motorists may not perform at intervals specified, rather than do-it-yourself repairs. Nevertheless, slight annual fuel-efficiency reductions are assumed in calculating gasoline costs.

6. Tolls & Garaging are excluded since these expenses can fluctuate widely even within the same geographical area, depending upon driving patterns, routes, etc. Such charges, however, are almost never "nothing." If a car is parked in the owner's GARAGE, for example, technically, a pro-rata expense (based on the garage size), should be applied. TOLLS can also make a substantial cost difference for commuters: two next-door neighbors driving equal distances to work in similar cars might have a 2-5c-a-mile variation. Major-city, mid-town PARKING likewise might add 5-25c-a-mile.

7. Cars Selected. Calculations are for typical cars, equipped typically, driven typical MILEAGE and kept typical yearly PERIODS. Major options ordered by most buyers are included on most models, such as automatic transmission, power steering and brakes, tinted glass and air conditioning. As noted, typical mileages and use assumptions are featured, but OTHER mileages and periods are also LISTED. This is to illustrate the substantial cents-per-mile and dollars-per-year cost VARIATIONS which different annual mileages and different use periods can produce.

8. Cents-Per-Mile Vs. Dollar-Per-Year Costs. Many drivers prefer CENT-PER-MILE car cost estimates for tax or employer/reimbursement reasons, but DOLLAR-PER-YEAR figures are better. Tables illustrate that high yearly mileage produces substantially lower cent-per-mile expenses because so-called fixed or standing charges such as insurance, taxes, licenses and interest are thus spread over a greater number of miles each year. STUDIES EXPRESSING COSTS FOR HIGH ANNUAL MILEAGE IN TERMS CENTS-PER-MILE RATHER THAN DOLLARS-PER-YEAR, THEREFORE, MAY BE MISLEADING.

Example: A compact model driven 10,000 miles a year costs 45.67c a mile (over the now-most-typical 5-year use), equal to \$4567 a year. At 15,000 annual miles, per mile costs over 5 years, drop to 34.65c but add up to \$5197 A YEAR. At 20,000 miles a year, PER-MILE charges fall even more, to 29.28c. But ANNUAL DOLLAR COSTS soar to \$6621. Conversely, at just 5,000 miles a year, PER-MILE outlays were 79.51c for '84, but only \$3975 ANNUALLY. The estimated national average mileage in 1983 was 8317 per-car per-year and the 5-year compact model expenditures at THAT travel rate are 52.52c a mile, but just \$4359 a year.

9. Constant Annual Mileage. While some studies indicate (owing to statistical aberrations) that mileage put on cars-bought-new is higher in their earlier years of ownership, lower later, the reporting of such costs on a cents-per-mile and on a declining annual mileage basis can be SERIOUSLY MISLEADING. Such presentations mask the fact that longer car ownership normally reduces both cents-per-mile and dollars-per-year costs. This is because, for most domestic cars purchased new, DEPRECIATION is higher in the car's first years, less as it ages. Keeping a car after a loan is repaid results in lower average INTEREST, too; Also, collision and comprehensive INSURANCE may be dropped after loan repayments end. (For similar reasons, cars bought used traditionally cost less to own and run than new ones.)

Example: The study table for compact models shows that at the constant national average of 8317 miles a year typical costs drop from 61.41c a MILE—or \$5107 a YEAR—for cars traded annually to 39.18c (\$3259 a year) if the car is kept 10 years. However, if annual mileage declines each year (as at least one government report states), cents-per-mile outlays appear "flattened". They start at 44.45c for 12,651 miles assumed to have been run the FIRST year, climb to 45.21c for 8,126 miles assumed travelled the FIFTH year, and are 33.74 for just 4,429 miles assumed run in the 10TH.

10. Average and Annual Outlays. Selected costs are itemized for each year as well as average costs for varying years a car may be kept. Annual costs, especially, show the substantial expense-decline after a car loan is repaid and insurance is cut; the Hertz study figures shows that even though fuel and maintenance expenditures climb in later years after high mileage, these "running" charges almost never rise as fast as the fixed or "standing" charges drop. Thus, TOTAL average outlays almost always decline as a car ages.

The Hertz Corp. 2/85 # # # # #